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**FACSIMILE COVER SHEET**

DATE: July 2, 1998
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SUBJECT: Tailings Impoundment

OF PAGES (Including Cover Sheet): 5

COMMENTS: I had difficulty getting this
to go through yesterday.

Paula

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NEWS RELEASE

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KENNECOTT TO PROVIDE PUBLIC UPDATE ON TAILINGS IMPOUNDMENT MODERNIZATION PROJECT

Magna, Utah (July 1) - Kennecott Utah Copper Corporation (KUC) is holding public meetings and conducting site tours during the coming weeks as part of the process of providing updates about its Tailings Impoundment Modernization Project. Construction of this \$500 million project commenced in early 1996 and is scheduled for completion in early 1999, providing tailings storage for approximately the next 25 years. In addition to describing the 3200 acre north expansion, KUC will also discuss measures to safeguard the public in the vicinity of the existing impoundment and address their concerns on seismic issues.

"Kennecott Utah Copper is taking the same proactive approach to its Tailings Impoundment Modernization Project that we have taken with all environmental matters affecting surrounding communities," said Tom Albanese, Vice President Engineering & Technical Services. Since the tailings were first stored in the impoundment in the early 1900s, tailings management techniques have been developed considerably. He noted that construction work on the north expansion is nearly 80% complete. Tailings will begin to be stored in this new facility in early 1999, and shifted entirely over to this new facility over the next four to six years. This transition will allow for improved dust control and new wildlife habitat.

The Inland Sea Shorebird Reserve, a 3800 acre wetlands enhancement site north of the modernization project, first received water in February 1997. Albanese noted that the improvement to date in wildlife habitat and increased site usage by shorebirds and other wildlife has been an exciting success story, with a dramatic increase in bird usage and a substantial increase in species diversity.

Mr. Albanese said that Kennecott shares recent public concern regarding seismic risks in the Salt Lake Valley. "As a responsible company, we have conducted extensive studies of the possible effects on our tailings impoundment of a major earthquake.

According to a publication of the Utah Geological Survey, such an event would likely occur about once every 1350 years," Mr. Albanese said; "While no matter how improbable an earthquake equivalent to around seven on the Richter scale might be, we have been instituting further measures to mitigate its effect and safeguard the public," he said.

These measures are based on 'probable' and 'worst case' scenarios of a major earthquake occurring every 1350 years and were provided by two independent geotechnical engineering firms. They include improving the stability of the impoundment and substantially reducing the potential runoff of tailings, if such a major earthquake occurred during the next few years, by accelerated dewatering of the southeast corner of the present impoundment. Additional protection to nearby residential areas through the construction and landscaping of 15' high earthen berms, and installation of an electronic roadway notification system to warn motorists are also planned this year.

"KUC has been looking carefully at every possible effect during the planning and design of our Tailings Impoundment Modernization Project. Protective measures already taken will be enhanced by what we are now planning. We are pleased to have the opportunity to discuss these with the Magna community as well as with the appropriate local and state governmental authorities," said Mr. Albanese.

KENNECOTT TAILINGS IMPOUNDMENT MODERNIZATION PROJECT UPDATE JUNE 1998

Kennecott Utah Copper Corporation has been modernizing its tailings impoundment since the late 1980's. The goals of the modernization program are to control dust and to update tailings management in accordance with new knowledge, technology, and a new understanding of earthquake risk in the Salt Lake Valley.

In a copper mine, rock containing copper is removed from the ground and transported to a concentrator. In the concentrator, the rock is ground up and mixed with water to produce a slurry. Then the copper, molybdenum and other minerals are recovered from the slurry for further processing and eventual sale. The remaining ground rock is called tailings and is transported at Kennecott by pipeline to the tailings impoundment north of Magna. In the tailings impoundment, the ground up rock settles down and the water is decanted off the top for reuse or discharge in accordance with environmental regulations. If tailings become dry, they may become airborne on a windy day. In the late 1980's Kennecott developed a system for storing tailings that keeps the surface of the tailings impoundment wet. Dust from the tailings impoundment has not been a problem since that time.

Tailings management techniques have developed considerably since the tailings impoundment was first used in the early 1900's. The size of Kennecott's operations has also increased. About two years ago, Kennecott started construction of the new North Expansion to provide tailings storage for approximately the next 25 years. North Expansion construction is nearly 80% complete. Kennecott anticipates shifting tailings storage from the tailings impoundment to the North Expansion over an approximate five year period beginning in early 1999. As placement of tailings in the existing tailings impoundment decreases, it will be revegetated in an orderly sequence to control dust and provide wildlife habitat.

Water was introduced to the Inland Sea Shorebird Reserve, the approximate 3800 acre wetlands enhancement site north of the North Expansion, in February of 1997. To date, the improvement in wildlife habitat and increased site usage by shorebirds and other wildlife has been an exciting success story. A nine-fold increase in bird usage and a substantial increase in species diversity has been observed.

Recently there has been an increased public concern with seismic risks within the Salt Lake Valley. The City County Building and many public schools have been seismically upgraded while in 1994 the State legislature created the Utah Seismic Safety Commission. In line with this growing concern, Kennecott retained two independent renowned geotechnical engineering firms to conduct extensive studies of the possible effects of a significant earthquake on its tailings impoundment. These geotechnical engineers consider a significant earthquake in this area to measure approximately 7 on the Richter scale. This magnitude earthquake is projected to occur on average only once every 1350 years in this area and would generally cause well designed frame structures to be thrown out of plumb, buildings to shift off foundations, masonry structures and dwellings to be severely damaged, underground pipes to be broken, and conspicuous ground cracking to occur. If this unlikely significant earthquake were to occur at the tailings impoundment, the independent geotechnical engineers have projected "probable" runout of tailings from the impoundment and "worst case" runout. Kennecott proposes to implement the following measures to mitigate the worst possible extent of runout resulting from this unlikely significant earthquake:

- **Accelerated dewatering of the southern slope of the southeast corner.** Previously Kennecott has installed over 1500 drains and 31 dewatering wells along this part of the tailings impoundment. Kennecott has also moved the storage of new tailings away from the edge of the impoundment. This dewatering program has successfully improved the dynamic stability of the impoundment in the event of a significant earthquake. As a result, Kennecott is installing 15 additional dewatering wells to accelerate dewatering activities. This accelerated dewatering program is expected to reduce the extent of runout substantially during the next few years.
- **North and South 80th West Berms.** Kennecott's two independent geotechnical engineers projected that runout from the tailings impoundment would not reach any residential areas under probable consequences of a significant earthquake. Under an unlikely scenario, one geotechnical engineer's worst case assumptions led to a projection that runout could potentially reach a very limited portion of the northwest section of Meadow Green Estates and a residence east of the tailings impoundment,

Roadway notification system. Based on case studies of similar events around the world, runoff from the tailings impoundment could occur immediately after a significant earthquake or potentially at any time for up to 24 hours following such an event. Kennecott is proposing to install warning signs along roadways at a number of locations. The signs would not transmit warnings unless there was a significant earthquake. If a significant earthquake were to occur, pre-programmed messages would be sent to the signs to advise motorists not to enter or to get out of potentially hazardous areas.

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